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Freighter Aircraft Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The freighter aircraft market is projected to record a CAGR of more than 4.5% during the forecast period.

Amid the global COVID-19 pandemic, many airlines have temporarily converted their passenger aircraft into cargo aircraft for transportation of medical equipment and to cover up the loss, as air passenger transportation is restricted in many major aviation hubs. Also, the growth in demand for air cargo due to growth in e-commerce has helped the demand for freighter aircraft. According to IATA, the full-year demand for air cargo increased by 6.9% in 2021, compared to 2019 (pre-COVID-19 levels) and 18.7% compared to 2020, following a strong performance in December 2021.

The market demand is primarily driven by factors such as the rise in new trade relationships among different countries and rapid growth in e-commerce activities across the world.

With the dramatic growth of e-commerce in recent decades, the pickup in demand for both consumer and industrial goods during this pandemic made cargo carriers and logistics companies turn to air freighters.?Air freight experienced two different but related impacts associated with the COVID-19 pandemic. First, and most importantly, canceled flights resulted in a sharp decline in the capacity to store freight in the cargo holds of passenger aircraft ("belly cargo"). Secondly, increased air freight demand for items such as personal protective equipment (PPE) caused by the pandemic affected certain merchandise imports. These resulted in a steep increase in air freight demand, as well as increased volatility compared to the previous years.

Freighter Aircraft Market Trends

The Derivative of the Non-cargo Aircraft Segment is Anticipated to Register the Highest CAGR During the Forecast Period

The derivative of non-cargo aircraft segment accounts for more than 60% of the market share, and it is anticipated to register the highest CAGR during the forecast period. This is mainly due to the increasing preference of airlines to modify their old and aging passenger aircraft with freighter aircraft. The increase in passenger-to-freighter conversions will act as a solution for the air cargo capacity constraints due to the major demand driven by the e-commerce business. These converted passenger planes will carry lighter, more voluminous cargo such as e-commerce packages. During such conversions, aircraft are reinforced with floors that can handle the weight of the freight. In addition, changes are made to aircraft's fire detection, ventilation, and temperature control systems. This is because freighter aircraft have different requirements than passenger aircraft and must comply with different standards. Some of the available passenger-to-freighter (P2F) aircraft programs are B737, B757, A320, and A321. Due to the demand for new aircraft, Astral Aviation announced that it will operate the first-ever Airbus A320 passenger to freighter (P2F) converted aircraft. Another company, IAI, plans to open a new facility with Sharp Technics at South Korea's Incheon Airport for the conversion of Boeing 777s in 2024. Such developments across the world are anticipated to bolster the growth of this segment of the market during the forecast period.

Asia-Pacific Accounted for a Major Market Share in 2021

The Asia-Pacific region accounts for more than 30% of the air cargo demand. The increasing demand for air cargo is mainly due to the increasing demand for e-commerce from the region. The growing preference for online shopping and the presence of production facilities for electronics and other commercial goods in countries like China, India, Japan, Cambodia, and Vietnam are driving the air cargo market. China's domestic aviation market drives the demand for narrow-body aircraft and makes them more prevalent for freighter operations. It was observed that the Asia-Pacific operators took 26 converted aircraft in 2021, including 16 Boeing 737s, mainly into China, South Korea, and Malaysia, and eight 757s and 767s, all to Chinese airlines, while Express Freighters Australia took two A321s to operate for Qantas. China ranks as the leading country for 737 conversions. In 2021, Staeco in Jinan converted 23 of the aircraft, most being 737-800BCFs, under the Boeing supplemental type certificate (STC). Boeing, AEI, and IAI all used Chinese locations and converted 17 more 737NGs, including at Gameco (Guangzhou), Haeco (Xiamen), Boeing Shanghai, and IAI subsidiaries Bedek-Lingyun (Yichang) and Haite (Tianjin). Such developments are expected to drive the market in the region during the forecast period.

Freighter Aircraft Market Competitor Analysis

The freighter aircraft market is fragmented, with the presence of several players. These players include aircraft OEMs, third-party contractors or independent companies that enter cooperation agreements with OEMs, and third-party contractors that develop their conversion solutions independently. Some of the prominent players in the market are The Boeing Company, Airbus, ATR, AVIC, and Textron Inc. These players provide freighter aircraft models for their customers. For instance, Airbus launched the?A350 Freighter program at the Dubai Air show in November 2021,?with a seven-aircraft order from Air Lease Corporation. Around one month later, three airlines placed orders for the A350F, including CMA CGM Air Cargo, Air France, and Singapore Airlines. The deliveries of the aircraft are scheduled during the forecast period. In addition to this, companies like Boeing, Singapore Technologies Engineering Ltd, Israel Aerospace Industries Ltd, and Precision Aircraft Solution are prominent players providing conversion services. The fragmentation in the market is set to increase with new players entering the market that provide aircraft conversion services.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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